GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:47
ANSWERED ON:17.10.2008
RBI DIRECTIVES REGARDING FARMERS
Yerrannaidu Shri Kinjarapu

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has given direction to the banks to give first preference for providing loans to the landless farmers having less than five acres of land;

(b) if so, the details thereof;

(c) whether any complaint has been received in this regard; and

(d) if so, the action taken by RBI on these complaints?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : Yes, Sir. The Reserve Bank of India has issued the following instructions, from time to time, to banks for increasing the availability of timely and affordable credit to small, marginal and landless farmers having less than five acres of land :

i. Farmers having less than 5 acres of land are classified as small and marginal farmers and are included under the category of `Weaker Section` forming part of overall priority sector. As per RBI guidelines, banks have to ensure that at least 10% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March 31 of the previous year is provided as financial assistance to the weaker sections.

ii. All Scheduled Commercial Banks (SCBs) [including Regional Rural Banks (RRBs)] have been advised by Reserve Bank of India (RBI) vide their Circular dated April 30, 2007 to accept certificates provided by local administration/ Panchayati Raj Institutions regarding the cultivation of crops in case of loans to landless labourers, share-croppers and oral lessees.

iii. Further, these banks have been advised to accept an affidavit submitted by landless labourers, share croppers and oral lessees giving occupational status (i.e., details of land tilled/crops grown) for loans up to Rs.50, 000/-. Banks should also encourage the Joint Liability Group/Self Help Group mode of lending for such persons. However, banks were also advised to go through their procedures of identification as per KYC norms, appraisal and usual pre-sanction checks before extending finance.

iv. Under Special Agricultural Credit Plan, SCBs have been advised to ensure that 40% of their disbursements are made to small and marginal farmers.

(c) & (d) : No specific complaint has been brought to the notice of this Department.